

Planning the Future of the JER Sports Center

Six-month operations review and the path ahead

Prepared for City Council

May 28, 2025





The gift of James E. Russell's Family

*After careful appraisal with financial advisors to ensure that Ginny's needs are fully met, the Russells decided they could commit the full \$7.5 million to create something the city completely lacks at present: **a four-season facility for court sports that can include tennis, pickleball, basketball, volleyball, and potentially even lacrosse or others.***

*It will be a place where **James Russell himself would no doubt have spent a lot of time.** He was born here in 1933, one of six children of Alex and Mae Russell. **He played basketball and football at Sandpoint High** — the latter sport with future NFL Hall of Famer Jerry Kramer — and was an avid hunter and fisherman.*

From "A History Making Gift to Sandpoint" by Chris Bessler, Sandpoint Magazine, summer 2022 edition

Welcome and Workshop Purpose

- Reflect on first six months of operation
- Share operational challenges and successes
- Present future operating options
- Gather input from City Council and community



Before we begin

3-minutes “ice-breaker”

- Find someone in the room **who you do not know.**
- Briefly introduce yourselves.
- Two questions to discuss:
 - 1) Why are you here tonight?
 - 2) Why do you care about the James E. Russell Sports Center?





Expenses in first 6 months

- Facility opened on December 16th, 2024
- Initial staffing:
 - 1 FTE Sports Facility Supervisor, 20% CPD
Department Head, 10% Recreation
Superintendent = **130% FTE salary + benefits**
 - 4-6 part-time “Facility Services
Representatives” (front desk staff x4, <20 hour
per week): \$14/hr, 80 hrs/week
- Total staffing costs (including benefits) fiscal
YTD = **\$94,968**
- Other operating costs YTD:
 - Electricity (\$17,917), Software (\$8,588),
Internet, (\$2,638), Supplies (\$3,450), Credit card
service (\$1,041), etc...
- Total operating cost fiscal YTD = **\$138,837**

Revenues in first 6 months

- 51 annual members (paid for year in advance)
 - = **\$21,700 annual member revenue**
- 50 monthly members in May
 - = **\$2,110 member revenue in May**
- 137 expired memberships, **238 paying members all-time**
- \$40-\$45 monthly membership fee, \$2-\$5 daily play fee
- Other revenues include LPOSD, SSA, PPC, Sandpoint Lacrosse court rentals, some non-member drop-in play, private instructor court rentals.
- Total revenues fiscal YTD = **\$72,090**





Low member retention

Low member retention rate means lost revenue.

If 80% of the 137 expired members were to keep membership active, JER would earn an additional **\$4,658** per month in membership revenue.

Challenge ahead: Increase member retention using financial incentives and by improving quality of member experience at JER

The Challenge

Expected costs in Year 1: **\$222,858.23**

Expected revenues in Year 1: **\$120,920.72**

Shortfall = **\$101,937.51**

54% Cost Recovery Ratio



Cost Recovery in Municipal Recreation Facilities

According to the **2024 National Recreation and Park Association's Agency Performance Review**, the median cost recovery rate—defined as the percentage of operating expenditures covered by non-tax revenues such as user fees and memberships—is **25.2%** across all agencies. This rate varies with the size of the population served: (Source)

- Agencies serving populations **under 20,000** have a median cost recovery rate of **29.5%**.
- Agencies serving populations **over 250,000** have a median cost recovery rate of **17.9%**. ([Source](#))

These figures indicate that most municipal recreation facilities operate with **significant subsidies** from public funds.

- User fees and memberships typically cover only a portion of the total operating expenses.
- The expectation for full cost recovery is uncommon, especially for facilities like public pools and community centers that provide **broad public benefits**.

Cost Recovery, continued

Indoor sports courts and recreation centers:

- Often fare better, with cost recovery sometimes in the **50–80% range**, especially if they host events, tournaments, or have high drop-in volume.
- Some larger or well-managed centers with **diverse revenue streams** (rentals, concessions, sponsorships) can break even or generate surplus—but this is not the norm.

Indoor tennis facilities or field houses:

- Cost recovery is highly variable. In wealthier or sports-centric communities, they **may approach break-even** with strong membership models, programming, and event rentals.
- But these often rely on capital support from grants, impact fees, or bonds, and **ongoing operations are subsidized** at least partially.

Cost Recovery, continued

<u>Question</u>	<u>Typical Answer</u>
Do municipal rec centers usually turn a profit?	No
Are they usually subsidized by tax dollars?	Yes
Are they expected to break even?	Rarely , unless community has explicitly adopted a cost-neutral policy
Do memberships and user fees cover all costs?	Uncommon , but can contribute significantly
What's typical cost recovery?	27–40% overall ; higher for some court-based facilities, lower for pools

Cost Recovery in Sandpoint Rec Facilities

Recreation Facility	23-24 Expenses	23-24 Revenues	Cost recovery %
Memorial Field & Grandstands	\$146,568 (GF)	\$95,643 (CIP)	67.3%
Sports Complex (Travers, GN, Centennial fields)	\$140,369 (GF)	\$28,683 (CIP)	20.4%
Community Hall	\$32,815 (GF)	\$6,134 (GF)	18.7%
Shooting range	\$9,676 (Rec)	\$9,390 (Rec)	97%
Combined	\$329,428	\$139,850	42.5%
Average Cost Recovery Ratio: 43.4%			

On average, Sandpoint's recreation facilities recover only **43.4%** of their costs through user fees / revenues.

JER is at 54% YTD

Outliers in Sandpoint's Rec Facilities

Recreation Facility	23-24 Expenses	23-24 Revenues	Cost recovery %
Moorage (City Beach/Windbag marinas)	\$7,355	\$251,956	3,425%
RV Park	\$25,478	\$94,210	380%

Currently 100% of revenues from RV Park & Moorage go into Parks CIP fund, NOT Recreation. These two amenities fund *nearly all* the City's Parks capital improvement projects



What does failure to recover costs mean?

When revenues fall short of costs at JER, the difference is filled with...

RECREATION FUND REVENUES

What is the Recreation Fund? 4.55% of property taxes (~\$231,000 this year) in Sandpoint go into a dedicated fund to support recreation facilities and programs

Programs traditionally supported through the recreation fund include: *Youth and adult sports, shooting range, lifeguards, enrichment classes, community garden, contra dance, watershed trail maintenance*

*Takeaway: JER deficits will **NOT impact** City's ability to provide essential city services or infrastructure, but **WILL impact** City's ability to fund and support other recreation programs and facilities*

How to increase cost recovery ratio

To improve its cost recovery ratio and reduce its impact on the Recreation Fund, JER must increase revenues and/or decrease its costs.

- Revenue-generating ideas:
 - a) **Diversify facility's use** -> more user groups and income sources
 - b) **Change membership fee structure** -> either decrease fees to increase membership and use or increase fees to earn more from fewer users
 - c) **Increase membership retention and uptake by offering more programs** -> clinics, camps, leagues, classes, etc. (also comes with additional labor costs)
 - d) **Some combination of the above**
- Cost-reducing ideas:
 - a) **Reduce opening hours** -> reduces cost of part-time staff, minimal reduction in utility costs
 - b) **Reduce full-time and/or part-time staff** -> part-time only during limited hours



Operating Options for Council to Consider

Option 1: Stay the course

Option 2: Multi-sport Adaptation

Option 3: Third Party Operator

Option 4: Minimal Operations



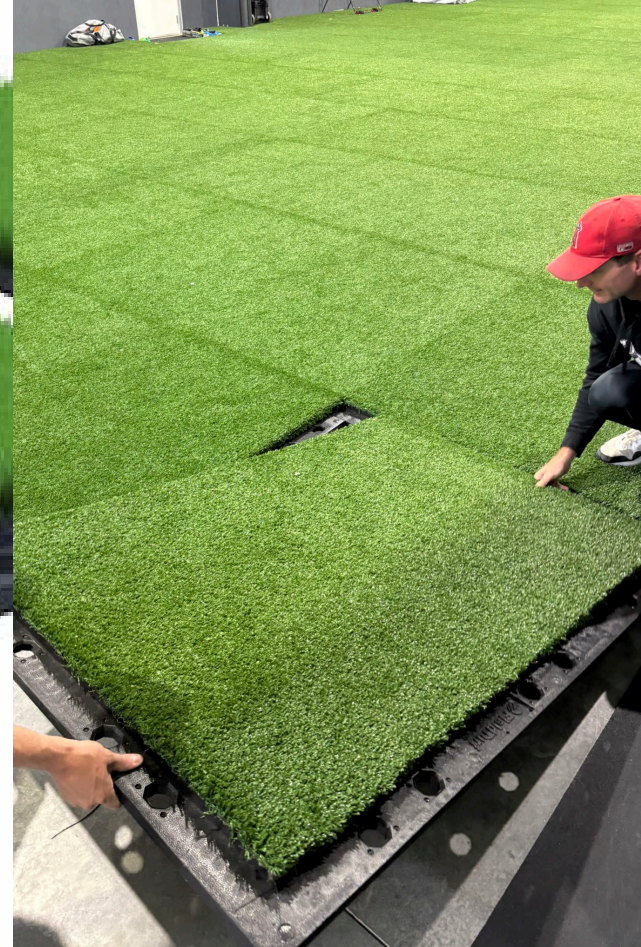
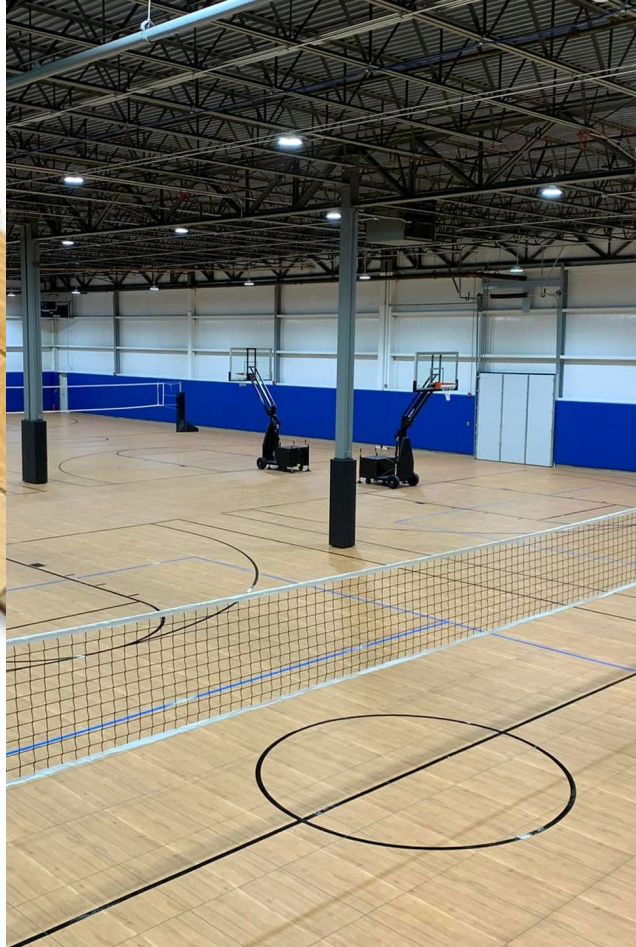
Option 1: Stay the Course

- Maintain current **in-house operations** under new Recreation Facilities Supervisor
- Keep JER as a **two-sport facility** and work to grow primary user groups and improve member retention
- Prioritize **expanded programming** with local pros and instructors
- Host **regional leagues** and tournaments
- **Target growth** in daily play, private rentals of courts and community room



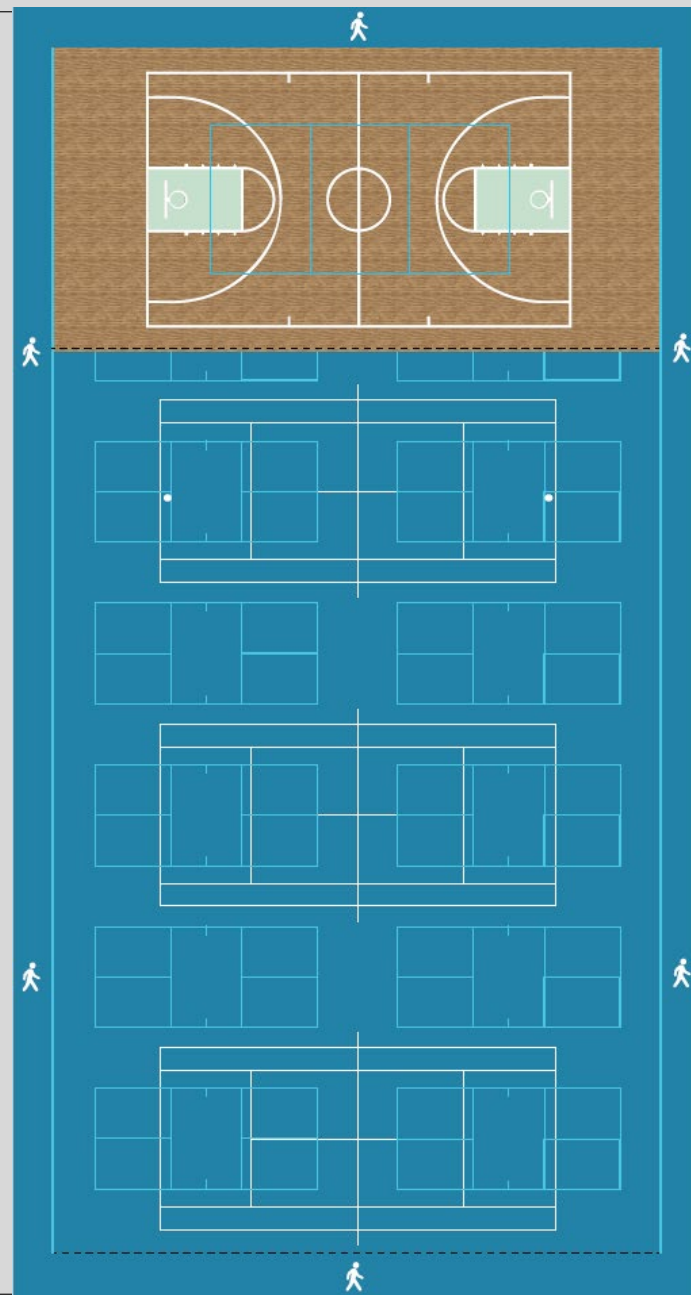
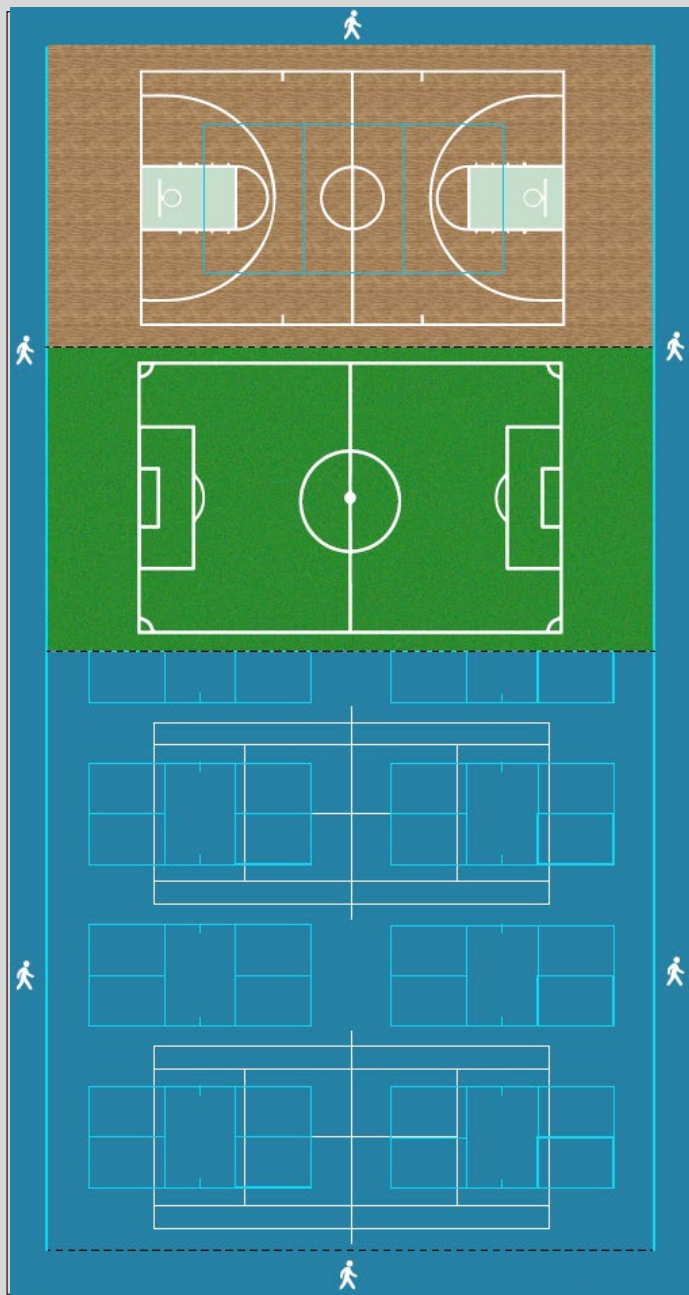
Option 2: Multi-sport Adaptation

- Install a semi-permanent basketball / volleyball court
- Addition of modular, temporary turf field for flexible field sport use
- Maintain three tennis courts and ten pickleball courts for primary user groups
- Enable access for hundreds of local youth and broader sporting community



OPTION 2

- Snap-together basketball/volleyball with portable hoops allowing for full-size high school regulation practice and play.
- Snap-together, lightweight turf field, can be assembled or stowed with a team of 4 in under 2-hours.



Option 2

- Court #4 converted to semi-permanent **multi-sport court**
- **Portable turf** allows for quick conversion of court #3 (<2 hours)
- “Standard” set-up at JER will be **three tennis courts / ten pickleball courts**, with multi-sport court available for member and non-member use, leagues, private rental, and community court time.
- Turf field only applied **“as-needed” for field sport practices**, adult leagues, private rental, etc.

Option 2 – Costs

Costs: Conversion of two courts for multi-sport use can be funded through Parks CIP funds or DIF dollars (eligible for expansion of access to parks and recreation facilities). An anonymous donor has offered to provide a **match for any investment made using City or private dollars**

- Snapcourt 60'x120' multi-sport surface: **\$54,000**
- Portable hoops (x6): **\$77,850**
- Portable volleyball system: **\$12,646**
- Portable field turf 60'x120': **\$130,000**
- Quick set up batting cages (x2): **\$8,164**
- Coversports Gym Floor Cover 120'x120' (for special events on two courts): **\$25,200**
- Miscellaneous costs: **\$18,140**
 - **Total cost: ~\$326,000 – 50% donor match**
 - **= \$163,000 to City**
 - Funding from either Parks CIP or DIF funds



Option 2 – Revenues

Converting JER to multi-use will create new revenue generating possibilities. The draft fee schedule includes a base non-profit court use rate of **\$20 per hour**.

Turf Field (4 days/week x 4 hours/day in winter, half the use in summer):

- Winter (Nov–Mar): **\$8,690**
- Summer (Apr–Oct, reduced use): **\$4,562.25**
- Total Turf Field Revenue: **\$13,252**

Basketball/Volleyball Court (5 days/week x 3 hours/day, year-round):

- Estimated Revenue: **\$17,206**

Drop-in Use (Field + Court):

- 6 hours/week × 12 players × \$3/player: \$216/week
- Annual Revenue from Drop-In Use: **\$11,262.24**

Special Event Rentals (Two courts, 12 events / year at \$1,200 each): **\$14,400**

Potential annual revenue from multi-use conversion

~\$56,120

Assumes participation and use from 12+ local non-profit and school field and court sports groups and active coordination with City staff

CAVEAT: Revenues from tennis and pickleball use will decrease if no new programs/clinics/lessons/leagues are offered.

Option 2 – Other Considerations

Loss of tennis and pickleball revenues:

- With one or two fewer tennis courts and 4-8 fewer pickleball courts available, revenues from paddle and racquet sports will decline assuming no changes are made to how the facility is programmed for the primary user group.
- Ideally, any adaptation for multi-sport use at JER will **occur alongside additional programming** (camps, clinics, lessons, leagues, and tournaments) for tennis and pickleball.



Option 3 – Third-party operator

City partners with Third-party to either lease and run JER as a private facility or provide programming and pay court fees while City continues to provide front desk staff, pay utilities and other operation costs

Model: USTA PNW runs public/private tennis centers in Tacoma, Longview, and Vancouver, WA



USTA Pacific Northwest's mission is to promote the growth of the game by engaging children, adults and families across Alaska, Washington, Oregon and northern Idaho.

We believe tennis should be affordable and accessible to anyone who wants to pick up a racquet. By building, revitalizing and managing new and existing tennis facilities, we're able to provide our local communities with more health and wellness programs. Our facilities aren't just a bunch of tennis courts. They're community hubs...

Option 3 – Third-party operator

Adult programs offered by USTA PNW at other facilities include:

Tennis 101 & 201, Skills & Drills, Serve & Return, Women's Doubles Flight Challenge, Ball Machine, Men's and Women's Singles, Mixed Doubles, Cardio Class, Men's Doubles, Co-ed Doubles Strategy, Adaptive classes (Autism and wheelchair tennis)

Youth and Junior programs include:

Tots tennis, Red Ball, Orange Ball, Tennis Academy, Homeschool program, High school beginner tennis, Adaptive classes

Fees employed at other USTA clubs:

- Memberships fees: \$89 - \$129 per year
- Court fees: \$12 - \$17 per court member price, \$22-\$27 per court non-member price
- Members receive 20% discount on all programs, classes, & lessons and advanced court reservations



Option 4 – Minimal operations

Final option is to scale back operations and staffing to bare minimum:

- 8-9 hours / day
- 1 part-time front desk staff
- Open 5 days per week

Maximum savings through staff and open-hour reduction

~\$75,000

- Unless revenues simultaneously increase, JER will fall short of cost recovery
- Reducing hours and staff **will likely lead** to fewer members, less use, and less revenue -> ***losses will continue***

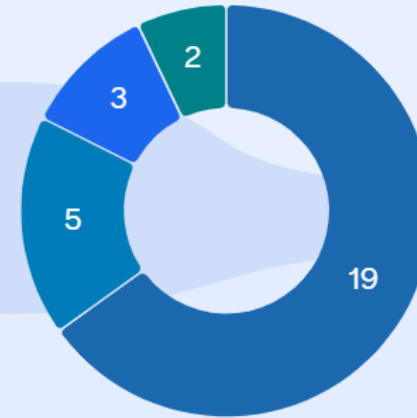


Community Feedback

In a recent survey of coaches, program directors, and board members of local sporting groups (baseball, softball, lacrosse, basketball, volleyball, football, tennis, soccer) strong support for Option 2 was expressed.

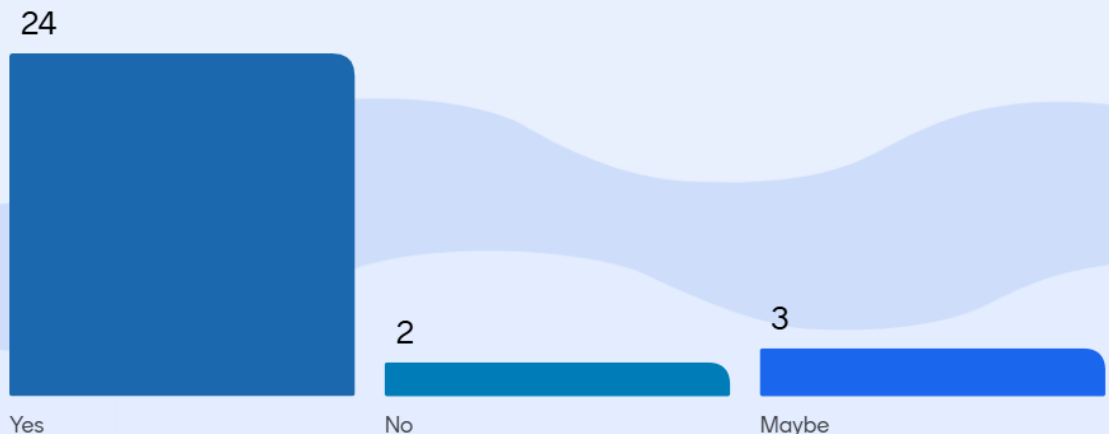
29 respondents contributed to the results here

What are your initial thoughts about this proposal?



- 19 I'm all in and think it's a great idea
- 5 I am open to it but need more information
- 3 I am hesitant about making any changes this early into the JER project
- 2 I think it's a bad idea and we should try to make JER succeed as a tennis and pickleball facility

Would you or a family member be likely to use JER if there were occasional times for open gyms or access to the turf field for a small fee (~\$3-\$5)?

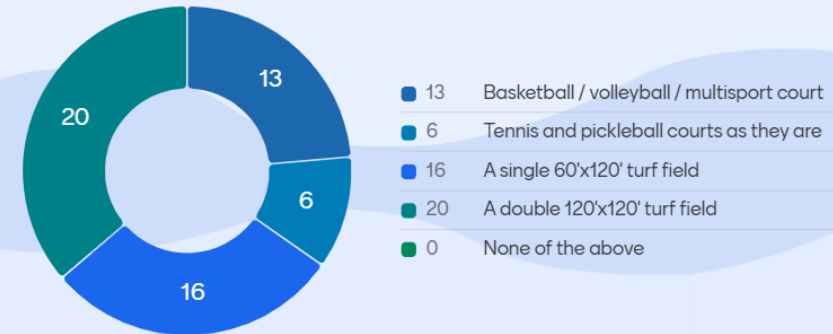


Community Feedback

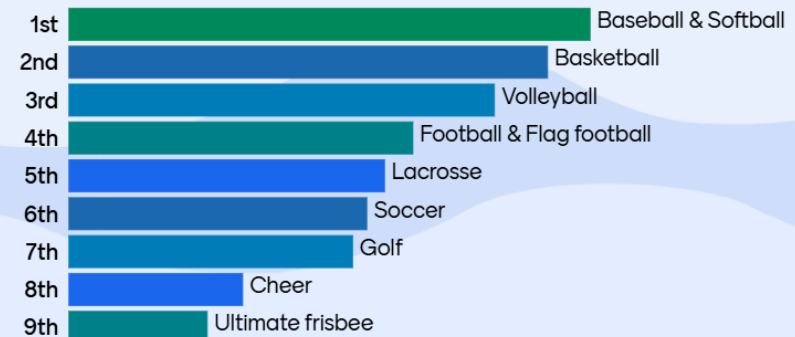
Pros (as expressed by survey respondents)

- “This shows a true investment in the youth sports in our community.”
- “Gym space is nearly impossible in this town during basketball season.”
- “This will be a huge boost to spring sports that do not have access to adequate indoor practice space.”
- “You are creating a space for locals who live and recreate in Sandpoint year-round. You are engaging the youth and their tax paying parents.”
- “By converting JER to multi-use you are opening up significant revenue streams and engaging the larger community in JERs success.”
- “Additional revenue for the city - field rental fees & the more people actually feel a connection to the center, the better the center will do.”

Which of the following would the organization you represent be willing to use were it available at JER? (select all that apply)



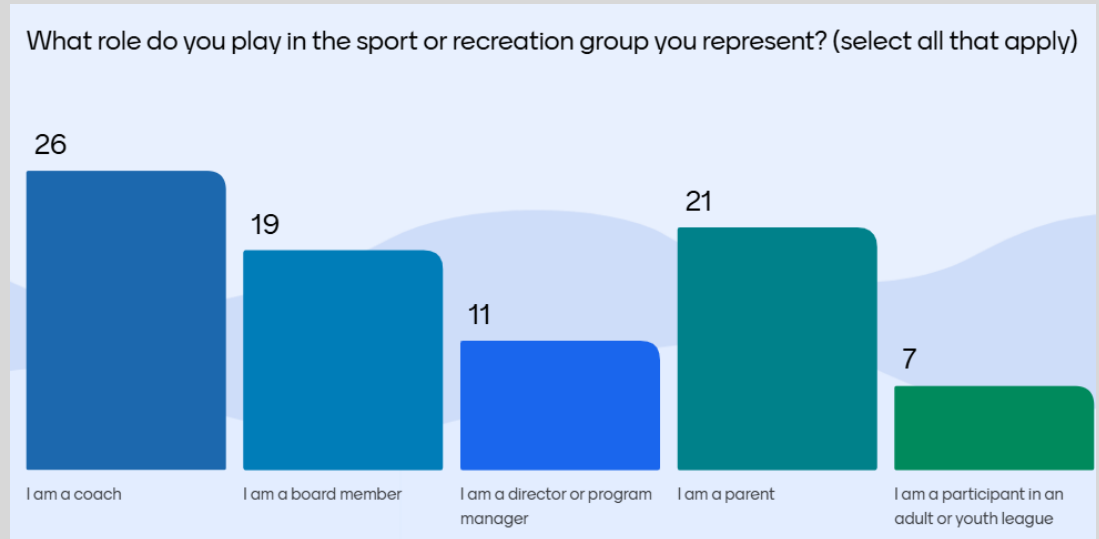
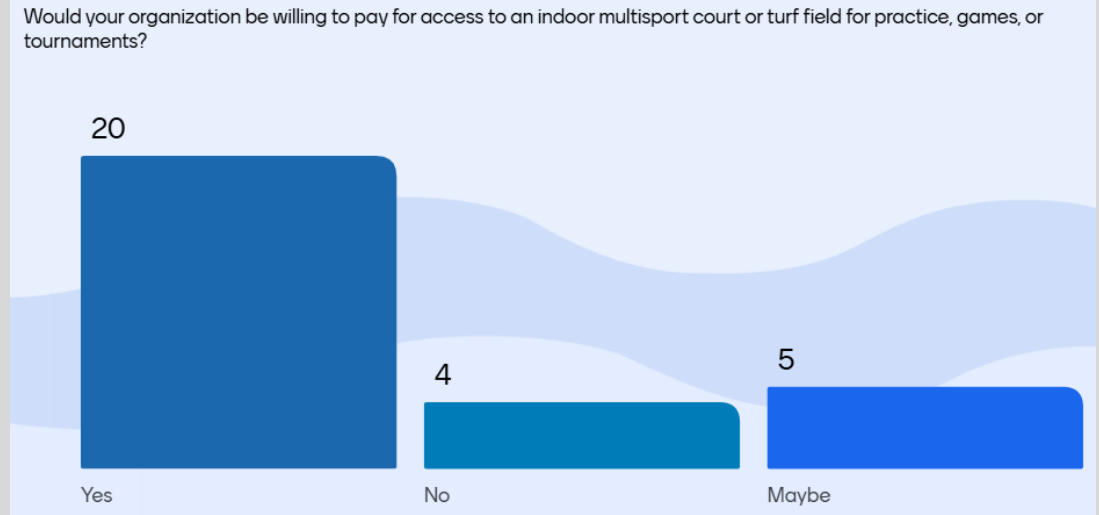
What non-racquet or paddle sports do you think we should be accommodating in JER? (rank from first to last)



Community Feedback

Cons (as expressed by survey respondents)

- “Short-sighted. Loss of income. Keystone Cops image. Why create an amazing racquet sports facility & turn it into a mediocre field house?”
- “You are alienating the entire racquet sport community, destroying a world-class facility, and creating a mediocre field house for children.”
- “All of the various groups, teams and clubs would still be competing for a small amount of time to accommodate everyone's interests.”
- “You are trading one user group for another so there is no real gain. With turf and a basketball court the building will sit empty during the day while chasing away monthly and yearly racquet/paddle members.”
- “The sports you are talking about adding will all want access during the same time of year.”
- “Membership money and spending more for changes seem like bad business.”



Other comments from survey

- “I love that we’re thinking about expanding and hitting a broader version of athletes in our town!!! We might as well use the beautiful facility for as many kids or organizations as we can.”
- “Manage JER as a racquet club. That's what it was designed for. The city should issue a municipal bond to fund day-to-day obligations.”
- “I would love for JER to be an opportunity to allow other programs space to grow. Without the ability to train our athletes, some of the lower density spring sports cannot bring in new kids.”
- “I believe the City will ultimately need to hire a private operator to manage this facility via a long-term concession agreement.”
- “Multisport would be much more inclusive of the whole Community. A smallish investment now would benefit everyone for years to come. The City would see much more use out of the facility than current.”
- “You could you lease the building to a racquet sport company. Run a bond to pay for expenses. Hire people that can create the programs needed to grow the racquet sports community.”
- “This facility has caused negative outcry from locals since the start. By engaging youth and adult organizations you are showing that JER is intended for ALL. Not only paddle sport players.”
- “This is going to be a battle with all the user groups. The biggest need in Sandpoint is indoor/turf field space in the winter months.”
- “To me, it would be properly managing an asset for it's greatest return. My money says you would see dang near maxed out reservations. Kudos for looking at the future and making change.”

Final Thoughts

It is **highly unlikely** that JER will fully fund its operations out of revenues, regardless of the operating model chosen by council. That said, at **55% cost recovery ratio**, JER is already on par with municipal sports facilities nationwide, and above average among facilities in Sandpoint.

The question is, how do we maximize the community benefit provided by the ***tax-subsidized community facility***?

Do we:

- **Go “all-in” for the primary user groups for which the facility was designed?**
- **Adapt the facility to serve additional user groups?**

Either way, greater attention needs to be paid to providing a **high-quality user-experience** that makes people willing and eager to make JER their **home-base for indoor recreation** and sports. Whether that means making efforts to grow the tennis and pickleball communities over time or open the facility to other sporting groups now, the performance of JER as a community sports center is up to decisions made by City Council in the weeks ahead.

Next steps

- Hear from the public
- Council discussion
- No action needed tonight...
- Follow up conversations
- Looking for council direction by second meeting in June

Participant Survey



<https://www.menti.com/als1hwrquh5p>